

World Wide Mission Director Conference Report
November 2-5, 1998
Crystal City

I. INTRODUCTION

This report summarizes the themes discussed and decisions reached at the 1998 worldwide Mission Director Conference (MDC). The purposes of the report are to provide a written record of the event for those who were not present and to ensure that Agency personnel and other interested persons are familiar with the documents prepared for and emerging from the conference. The report provides references and citations for the presentations by Secretary of State Albright and Administrator Atwood, papers prepared for consideration at the conference and short summaries of the various breakout sessions.

This conference was the first time in recent memory that USAID senior personnel met to discuss the future direction of the Agency. In addition to the 72 Mission directors, three USAID field representatives based in donor capitals, five regional Inspectors General and 47 USAID/W senior managers, the conference also included active participation by the leaders of more than 25 partner organizations and Congressional and OMB staff (Appendix 1).

The overall conference theme was Leading Change. Under this rubric, the conference organizers identified three specific intended outcomes: a) imparting a vision for USAID's future; b) enhancing leadership, management and communication related to organizational change; and c) providing an opportunity for senior managers to participate actively in decision-making regarding key change areas.

II. BACKGROUND

The conference agenda drew from several on-going efforts to address key organizational issues facing the Agency.

During two previous senior manager retreats in Washington, three areas of internal operations had been identified as requiring extensive review: a) managing for results system; b) workforce development; and c) making assistance and acquisition procedures work for the Agency. Agency task forces were established to address these issues and develop recommendations. An Agency Management Council, operating under the leadership of Deputy Administrator Babbitt and including DAA-level representation by each bureau, was formed in February 1998 to refine the recommendations and ensure follow-up actions.

Earlier this year PPC initiated, at the Administrator's direction, a stocktaking of Agency reform efforts. More than 600 USAID staff worldwide and 300 partner staff provided feedback on Agency reforms through questionnaires and focus groups. This

feedback was systematically analyzed and resulted in a number of actions that are now being pursued (reports and action agendas are available through PPC directly, and via the PPC page of the USAID web site). The feedback contributed directly to defining the conference outcomes and structure.

Finally, in a series of meetings with the Administrator and other senior USAID/W managers in the summer of 1998, several of USAID's NGO partners, representing different sectors, raised concerns about USAID relations with NGOs in the field. As a result, the Administrator requested that all field Missions organize retreats to discuss issues such as managing for results, micro-management of contractors and grantees, and communications between USAID missions and their partners. The retreats were scheduled prior to the MDC and the written reports emanating from these retreats further shaped the conference agenda.

To provide adequate review and ground-truthing of the recommendations emanating from the Management Council, including their implications on the Agency's relationships with various partners, the agenda was apportioned to focus one-third on emerging development challenges and two-thirds on reforms to internal work processes and management systems that affect the Agency's ability to achieve results and remain a premier bilateral development agency (Appendix 2). To enhance active participation, the agenda included a mix of plenary discussions and breakout sessions. In addition, each morning there were a series of breakfast table discussions on specific topics and 24 Agency operating units organized booths outside the main meeting room of the conference, which allowed participants to peruse and obtain various materials produced by the Agency.

III. USAID'S ROLE IN PROMOTING U.S. NATIONAL INTERESTS

Prior to recessing in October, Congress passed an omnibus appropriations bill, which in addition to providing a modest increase in the overall level of resources available to USAID, reorganized the foreign affairs agencies. The legislation, for the first time, recognized USAID as a statutory federal agency, with the Administrator reporting to, and under the direct foreign policy guidance of, the Secretary of State. Pursuant to an agreement negotiated in April 1997, the presumption is that the Secretary will redelegate to the Administrator all authorities previously vested in the Administrator under previous executive orders, including authorities relating to the implementation and management of development, economic support and humanitarian assistance programs.

In responding to a question about a new State Department/USAID relationship resulting from the reorganization, the Administrator stated that he did not think much had changed, as he always viewed himself as operating under the Secretary of State's guidance. At the same time, he noted that, at the field level, the Mission Performance Plan (MPP) process provides a vehicle for ensuring better relations in the Country Team and he encouraged USAID Missions to engage actively in the development of the MPPs. The relationship between the Department and USAID, and particularly consideration of how to

bridge the historical cultural divides between the two agencies, featured prominently in the breakout discussions on the first day of the conference (Appendix 3).

Secretary Albright also commented on the reorganization legislation when she addressed the conference (Appendix 4). She emphasized that "development is an integral part of all we do and all that we hope to achieve in the field of international affairs." She continued: "It is good that we will be coordinating more closely, and that development and our other goals will fit together in our strategic plans. And it is good that we are preserving development as a separate mission, with a separate institutional identity, within our overall approach to the world." The Secretary closed by noting that making progress towards the world we desire "is not a job for diplomats alone, or for development experts alone, or for Americans alone, or for governments alone. It will require a pooling of energy and expertise, resources and will. It will require that we work with each other, and with partners from around the globe."

Further discussion of the role USAID plays in today's world occurred during the conference plenary featuring four congressional staffers and two Mission directors. This panel provided a unique opportunity for the conference participants to hear the "Hill perspective" regarding the role of the Agency and the need to defend USAID's program, at least to the congressional audience, on the basis of supporting U.S. national interests. With different degrees of emphasis, the staffers commented that terms like "sustainable development" do not resonate with most members of Congress. The staffers also explained how earmarks and directives make possible the political consensus necessary to pass foreign assistance legislation. A couple of staffers expressed the concern that USAID does not always respond in an expeditious manner when presented with a crisis, suggesting that the Agency at times desires to maintain programming as usual regardless of changed political circumstances.

The USAID Mission Directors participating on the panel stressed the need for mutual respect and trust. They suggested that respect and trust could be enhanced through regular Hill visits by Mission Directors, site visits by members of Congress and staffers, and early involvement of Hill staffers in discussions of strategy development and program implementation.

As was noted during the ensuing question and answer period, there is often no single Congressional point of view. For example, the Hill staffers participating in the discussion were dismissive of the Government Performance and Results Act (GPRA), with one staffer commenting that the Agency had gone way overboard in attempting to implement the legislation. In contrast, several members of Congress have stressed to the Agency the seriousness with which they view the legislation and have asked the USAID Inspector General to report regularly on Agency compliance with GPRA.

IV. USAID IN A CHANGING GLOBAL ENVIRONMENT

In opening the conference, Administrator Atwood remarked on how "the world in which we work has changed dramatically in the last ten years" (Appendix 5). He quoted South Africa's Deputy President, Thabo Mbeki, who spoke recently of the new forces shaping the world economy: "globalization, liberalization, deregulation and pervasive information flow." Consequently, the Administrator continued, "there is today wider recognition in our country that the long-term health of the U.S. is linked to the prosperity of developing nations."

The impact of these changes on USAID is significant. "From an Agency focussed predominately on promoting long-term development and providing short-term humanitarian assistance," the Administrator stated, "we have dramatically expanded our mandate" to include: responding to long-enduring complex emergencies; providing post-conflict assistance; facilitating transitions to democracy and the free market in Eastern Europe and the Former Soviet Union; engaging in initiatives to combat global climate change, limit population growth, prevent the spread of infectious diseases and preserve biodiversity; and promoting the institutions and values of democracy.

The Administrator then emphasized two approaches for addressing the challenges posed by the changing world environment: a) renewing the Agency commitment to participatory development, whereby those the Agency is seeking to help are involved in defining the results to be achieved; and b) enhancing the Agency's capacity to anticipate and preempt crisis that can wipe away decades of development investment. Aspects of these approaches were highlighted by the four Mission Directors participating in an initial panel, which focussed on leading change at the field level.

The changing nature of the global environment was also the theme of two dynamic plenary speakers: Allen Hammond, a senior scientist and director of strategic analysis at the World Resources Institute and author of *Which World? Scenarios for the 21st Century*; and Michael Fairbanks, former Peace Corps volunteer in Kenya, consultant with Monitor Company, and co-author of *Plowing the Sea: Nurturing the Hidden Sources of Growth in the Developing World*.

Hammond described three scenarios -- aptly named, market world, fortress world, and transformed world -- for how the world may evolve. The implications of each scenario for development progress, or the lack thereof, on a global or even regional basis are profound. At the same time, Hammond suggested the ability of the international community, and particularly the more industrialized countries, to affect the future direction of the world through policy choices and a willingness to engage is significant.

Fairbanks focussed on the micro-level. He noted that economic growth is what makes countries able on a sustainable basis to provide a better life for their citizens, and that such growth requires a policy and legal environment that enables the private sector to be productive and competitive in global markets. He emphasized the importance of sound analysis in developing strategies for industries, which should reinforce each other and create

demands from local consumers. Finally, he identified five factors that can help change the economic prospects of a nation: a) creative tension; b) receptivity to change; c) strategic insights; d) moral purpose; and e) effective leadership.

During the first series of breakout sessions, conference participants reflected on Hammond's scenarios as they affected the Agency's direction (Appendix 3). A later series of breakout sessions provided participants with an opportunity to discuss six specific development challenges: anticipating and preventing crisis; addressing the scourge of corruption; providing educational opportunities to girls; addressing the global financial crisis; responding to global climate change; and preventing the spread of infectious diseases (Appendix 6).

V. USAID REFORMS

A major portion of the conference was devoted to consideration of internal USAID processes and related partnership issues. Plenaries and breakout discussions examined the Managing for Results System, Acquisition and Assistance, Workforce Planning and Partner Relations. In addition, written feedback was solicited from all participants on a draft "USAID Reform Roadmap" document, which summarizes continuing reform efforts planned for the next two years (Appendix 7). Plenary discussions also covered the Y2K challenge, related information technology issues, and Mission security.

A. Managing for Results

Presentations by Dirk Dijkerman, PPC, Carol Peasley, AFR and George Carner, USAID/Guatemala, outlined a plan for streamlining USAID's performance planning, monitoring and reporting systems (the full proposal is presented in Appendix 8). The basic objective of this effort is to redress a perceived imbalance that has developed between reporting performance measurement and achieving meaningful development results. The concern is that too many Agency staff spend too much effort producing information that is of limited use to resource allocation and more general management decision making. The key changes proposed include:

- eliminating performance measures that are not useful for Mission management;
- ceasing the formal annual USAID/Washington reviews of R4 documents, and comparison rankings of Strategic Objectives;
- reducing the prescribed length of R4 documents;
- limiting formal reviews of operating unit programs to those times when Bureaus and Missions decide this is necessary, but not less than once every three years;

- improving the flow of communication between Washington and the field;
- applying greater rigor in the design and approval of new Strategic Plans; and
- creating a new relationship between Washington and the field that promotes teamwork in achieving results, rather than second-guessing.

Six breakout groups discussed the following topics: a) redefining the USAID/W-Mission relationship; b) Mission-level performance measurement streamlining; c) a performance informed resource allocation process; d) Agency GPRA reporting; e) MPP-R4 nexus; and f) small Mission reality check (Appendix 9). The thrust of the proposed changes was strongly endorsed during both the plenary and the breakout sessions, although there were specific requests that USAID/W: a) pay particular attention to improving support for small Missions; and b) work closely with DOS to better define DOS-USAID relations at field levels.

B. Acquisition and Assistance

Don Pressley, ENI, Marcus Stevenson M/OP, and Ann VanDusen, ANE, provided a progress report on implementation of the A&A task force recommendations, including actions aimed at streamlining A&A processes, clarifying regulations, improving training efforts, recruiting additional contracting specialists, and shrinking the total number of procurement actions (Appendix 10). Asif Shaikh from the Professional Services Council (PSC), an association of U.S. consulting firms doing business with USAID, and Bob Chase, a member of the Administrator's Advisory Council on Voluntary Foreign Aid (ACVFA), provided partner perspectives.

Discussion focused on selection of assistance versus acquisition instruments, and the significant workload and related turnover of USAID procurement staff in recent years. Don Pressley emphasized that procurement processes involve many Agency personnel (i.e., not just contract officers) and that improvements require the collaboration of all USAID senior managers.

Asif Shaikh noted that firms typically spend \$30,000 to \$100,000 in preparing competitive proposals and thus have a stake in the efficient functioning of the process. With this in mind, he appreciated the opportunity to contribute to Agency deliberations both through his participation on the panel and through the submission of a paper prepared by the PSC, which is serving as the basis for discussions between OP and the contractor community.

Bob Chase stated that, while the A&A action plan was impressive, further changes were required before the impact of these changes would be fully felt. He stressed several issues, including: delays in reaching closure on certain assistance agreements; the perception on the part of some PVO partners of excessive micro-management on the part of USAID staff; and apparent inconsistencies across country programs in choice of instruments (contracts

vs. grants) on similar activities. He also expressed surprise at the findings from Mission partner retreats, which suggested that micro-management was not a major concern (see below).

Breakout groups considered the following topics: a) expanding management involvement in contracting actions; b) use of acquisition versus assistance instruments - tools, performance standards and management techniques; c) breaking the logjam - faster OYB allocations; d) enhancing internal working relationships; and e) interactions with external organizations in view of conflict of interest concerns (Appendix 11).

C. Workforce Planning

Linda Lion, M, Carl Leonard, LAC, Larry Garber, PPC, and Barbara Turner, G, presented the major findings, conclusions and recommendations of the Management Council's workforce planning effort. A document entitled, *People For Development: Workforce Alignment*, which included the draft reports of the three task forces established by Management Council was distributed to participants and served as the basis for discussion (Appendix 12).

Linda Lion began the discussion by providing a status report on the Agency personnel profile. The overall size of the Foreign Service shrunk by one-third in the past five years and 40 per cent of the remaining cadre is in Washington. The current average age of USAID's Foreign Service workforce is 49 and half will be eligible to retire in the next five years. These statistics are clearly inconsistent with anticipated demands being placed on USAID, particularly given the number of direct hire personnel currently in the field.

Linda reported that the Management Council has endorsed the goal of gradually raising overseas direct hire Foreign Service levels to a minimum floor of 700 positions by 2001. Further, to address the reality of an aging workforce, an expanded recruitment effort has been approved, which includes 54 new IDI positions and 25 mid-career recruits in FY1999, and an equal number of IDI recruits planned for FY2000. Linda also outlined the ongoing roll-out of new training programs developed by HR to meet recognized critical needs (see Appendix 7, Reform Roadmap for a description of the training programs).

Carl Leonard and Larry Garber summarized conclusions related to Mission structure and staffing levels, and technical officer staffing requirements (see Appendix 12). Barbara Turner closed the plenary discussion by describing the extensive efforts underway to realign Washington staff to ensure that the commitment to the field could be met without sacrificing the ability of USAID/W to provide necessary management, support and other services. While increased OE levels would provide some relief, a planned realignment, as opposed to an ad hoc process, would permit the Agency to more effectively recruit and train personnel in accordance with Agency needs.

Subsequent breakout groups discussed: a) workforce composition and technical staffing; b) overseas staffing, structure and operations; c) Washington realignment and impact on the

field; and d) non-presence policy and implementation (see Appendix 13 for breakout reports).

D. Improving Partner Relations

A joint USAID/partner panel discussed the state of USAID's relationship with key implementing partners. Following the showing of a video prepared by LPA on "Elements of Effective Partnerships," Joel Schlesinger, LPA, summarized the findings of the partner retreats that virtually all field Missions convened in anticipation of the conference (see summary report in Appendix 14). Notwithstanding the different circumstances in which USAID field Missions operate, and the different approaches that Missions used in organizing the retreats, several trends emerged from the Mission reports. Generally, relations with partners were viewed in a positive light, with surprisingly few complaints of micro-management reported. At the same time, most Missions reported that the retreats identified specific areas for improved USAID-partner interactions.

Three representatives of partner organizations, Bill Reese, ACVFA, Tony Barclay, PSC, and John Byrne, Association Liaison Office for University Cooperation and Development, joined by Terry Brown, M, and Duff Gillespie, G, offered their perspectives on relations between USAID and its partners. The representatives of the partner organizations praised USAID efforts to address partnership issues and improve internal processes. However, they cautioned against overuse of the term "partner" as it tended to mask the huge diversity of interests, experience, capabilities and financial resources that exists among the organizations with whom the Agency interacts. It was also noted that many contractors view USAID as a client rather than a partner per se.

E. Other Issues

Two other issues addressed in plenary sessions were Y2K and Mission security. John Koskinen, the White House point person on Y2K matters, described three levels of concerns relevant to USAID: a) ensuring that potentially affected USAID operations are able to function; b) helping those to whom we have provided potentially affected technology revise their software; and c) contributing to an overall international effort focussing on potentially affected government operations in countries where USAID is active. During the ensuing discussion, Koskinen emphasized that one of his responsibilities is to ensure effective coordination among USG agencies and to avoid unnecessary redundancies in addressing potential problems.

In view of the August bombings in Kenya and Tanzania, the issue of Mission security assumed considerable significance. Mike Flannery, the Agency's lead security officer, described the recent shift of his office from the IG to the Administrator's office as part of a congressional effort to ensure that security considerations obtain the attention of Agency senior management, as well as the fact that additional funds have been appropriated to address the most high risk Missions. In this context, he reported on the efforts underway to

review USAID Mission compliance with applicable security standards. An issue that emerged during the discussion related to the specific responsibilities of USAID Missions with respect to representatives of partner organizations in the context of a security emergency.

VI. REFLECTIONS AND NEXT STEPS

The final half day of the conference featured a video produced for the 30th annual meeting of the Development Assistance Committee in July 1998, and two panel discussions. The first panel provided an opportunity for four USAID Mission Directors and the chair of the Advisory Committee on Voluntary Foreign Aid to provide their perspectives on the conference. During the second panel, three assistant administrators focussed on specific next steps emerging from the conference.

Linda Morse, USAID/India, opened the first panel by commenting that "we have a future; our demographics will not be our demise." She noted that the conference had provided an opportunity for team building among senior managers and that the preparatory work for the conference was "awesome". At the same time, she cited four areas requiring further engagement: a) training, classification and salary levels for Agency foreign service nationals; b) reaching agreement with the IG quickly regarding managing for results; c) small Missions and non-presence country programming; and d) the question of what it means in practice for USAID to be characterized as a statutory and independent agency. Finally, she noted that there are no easy answers with respect to Agency Assistance and Acquisition policies and dilemmas.

Frank Almaguer, USAID/Bolivia, spoke next. He remarked that since the 1973 Reduction in Force the organizational culture at USAID has tended to view USAID's future as somewhat gloomy. However, as a result of the conference, he is more confident that USAID has a strong future: "we are now a permanent Agency, we have come through a period of difficult change, and we are initiating changes that can be a model for other USG agencies and for the countries where we work." He remarked favorably on the clear recognition of the role USAID has to play in crisis prevention. He reiterated Linda Morse's points that positive and concrete progress had been reported at the conference with respect to workforce planning and managing for results. Frank closed by comparing USAID's relationship with partners to a good marriage - "there are inevitably bumps along the way, but communication is key."

Lucretia Taylor, USAID/Tanzania, also commented that the "conference was a terrific idea because it brought everyone together to share a common vision." She opined that the changes in managing for results were the most significant outcome of the meeting. She also noted the profound changes in the world caused by conflicts, which translate for USAID into a need for engagement in non-presence countries and with small Mission programs. Lucretia stated that she remained concerned by the disconnect between USAID/W and the field with

regard to partnering, and indicated that open issues remain with respect to strategic planning and performance measurement.

Charles Aaneson, USAID/Croatia, was the last of the Mission Directors on the panel. He organized his remarks in the form of a report back to his staff in Zagreb, and emphasized the following: a) the R-4 process is being streamlined and there is a clear intent to reduce the number of indicators used to report progress; b) the Mission Performance Plan process is here to stay; c) there is a commitment to training, but each operating unit must make certain they maximize the impact of the training; d) there remains too much confusion with respect to A & A issues; and e) the Agency is clearly committed to maintaining a field presence.

Bill Reese, ACVFA chair, was the final speaker on the panel. He stated that the conference had reinforced the fact that "our issues are your issues." He also noted that, while concern about the future of USAID was understandable in view of the merger debates in recent years, "USAID may change the Department of State more than vice versa." He concluded that his impression from the conference is that there is an Agency vision as well as attention to the nitty gritty issues that will ensure USAID's success in the future.

Tom Fox, AA/PPC, led off the second panel, which focussed on next steps. He stated that the conference deliberations convinced him that the Agency is on the right track with respect to managing for results. R-4 guidance will be issued by early December and will reflect the changes in processes described at the conference. These changes should reinforce the key point that responsibility for program implementation resides with the field managers and should provide a better framework for interacting with partners. At the same time, he acknowledged that the Agency needs to reach closure with the IG regarding interpretation of GPRA and related legislation. Tom also commented on the special challenges of small Missions, which he had not fully appreciated prior to the conference, but which clearly requires careful review with the active engagement of Agency field Missions and partners. Similarly, Tom noted the need to review our non-presence country policies and committed to formulating a revised policy before the end of 1998. Finally, Tom reiterated a point made throughout the conference regarding the impending revision of the Agency Strategic Plan and the opportunity that this provides the Agency and its partners to capture more fully what we are doing and how these activities affect U.S. national interests.

Terry Brown, AA/M, reiterated the commitments announced earlier during the conference with respect to the rebuilding of the Agency's direct hire staff. He acknowledged the need to address the several issues regarding foreign national staff that were raised at various points during the conference. Like Tom, he agreed that the issue of small Missions required urgent attention. With respect to Assistance and Acquisition, Terry explained that there is no single, immediate solution, but that addressing the various problems requires the engagement of all USAID senior managers. He pointed to three areas of attention: a) creating more consistent and transparent processes; b) providing more adequate training for Agency personnel on procurement matters; and c) enhancing the efficiency of USAID processes by

expediting the OYB process, delegating specific responsibilities to operating units, increasing the use of standardized instruments and placing more contracts officers in the field.

Jill Buckley, AA/LPA, expressed her gratitude for the active participation in the conference by partners and Hill staff. She urged all participants to communicate the outcomes and the spirit of the conference with colleagues, and mentioned the availability of the two videos shown at the conference for use by Mission Directors and others to review the historical achievements of development assistance and to initiate discussion on USAID-partner relationships. Turning specifically to communications between USAID staff and partners, Jill stressed four principles: a) clarity of message; b) simplicity; c) civility; and d) imagining oneself in the place of the other.

The Administrator closed the conference by returning to several of the themes expressed over the course of the meeting. Development is a complex business, but we need to return to a simpler way of doing things. He commended to all participants the Reform Roadmap, which had been distributed with a short survey (Appendix 9). He urged all participants to provide concrete feedback to PPC, particularly with respect to the vision statement on page 3 of the document. Finally, he cited the clear statement of Secretary Albright (Appendix 4) regarding the need for a separate development agency that serves the foreign policy interests of the United States.

VII. CLOSING NOTE

The 1998 Worldwide Mission Director Conference achieved the key objectives established by the organizers. The number of issues on which progress can be reported is a testament to the hard work done by the various working groups and Task Forces, as well as the formal and informal contributions of the Agency's many partners. In this regard, special mention should be made of the partner retreats convened by Missions and various operating units in anticipation of the conference. These retreats not only identified issues that were discussed at the conference, but formalized the basis for a continuing dialogue between USAID staff and partners in the field.

Several issues were raised by conference participants at various junctures. Five such issues, in particular, deserve mention as requiring immediate follow-up:

- establishing parameters for coordination with all levels of the State Department, with particular attention to the Mission Performance Plan and its implications for clarifying how the Agency serves U.S. national interests;
- defining better the roles, responsibilities, recruitment and retention of USAID Foreign Service Nationals;

- addressing the challenges of small Missions in implementing and managing programs;
- strengthening Washington backstopping of field programs;
- building upon existing mechanisms to ensure effective communications process between USAID and partners at headquarters level and in the field; and
- clarifying agency guidance regarding the choice of assistance and acquisition instruments and what is meant by the term substantial involvement.

These issues and others will be the focus of future management attention.

The success of the conference is perhaps best reflected in the fact that a number of participants remarked on the need to convene such gatherings on a regular basis.

Remarks of
Madeleine Albright
USAID MISSION DIRECTORS CONFERENCE

Washington, D.C.
November 4, 1998

Administrator Atwood, Ambassador Babbitt, Mission Directors, officials, and external partners of USAID, good afternoon. I appreciate the opportunity to meet with you.

I want to begin by introducing our brand new Undersecretary of State for Global Affairs, Mr. Frank Loy. As I said at his swearing-in, the good news for the earth is that we finally have an Undersecretary to look out for it. The bad news is that, after all the paper we sent to Capitol Hill in connection with his nomination, there are no trees left.

Of course, the very fact that we have a position called Global Affairs is evidence of the profound impact the end of the Cold War has had on our foreign policy institutions, including State and USAID.

We have all had to re-think our goals and methods.

We have had to work hard to obtain the resources we need from Capitol Hill.

We have had to adjust to changes in technology and deal with the many conflicts that flared after the break-up of the Soviet bloc.

And we have had to cope with the anxieties and tensions created by the reorganization of our international affairs institutions. These have not been easy years.

But throughout, you have persevered, adjusted, and excelled. Brian Atwood has performed a service of historic importance to our country by defending USAID from those who don't understand--or who refuse to understand--its immense value.

USAID remains the best development organization in the world. From the Administrator on down, the USAID team has never been stronger.

So there are good reasons to look ahead with confidence and hope.

For example, I am convinced that we will emerge from the reorganization effort closer and stronger. Development is an

integral part of all that we do and all that we hope to achieve in the field of international affairs.

It is good that we will be integrating certain functions to eliminate duplication and increase efficiency.

It is good that we will be coordinating more closely, and that development and our other goals will fit together in our strategic plans.

And it is good that we are preserving development as a separate mission, with a separate institutional identity, within our overall approach to the world.

Let me elaborate a bit on this last point. In recent years, we have heard a lot about globalization and about how trade, not aid, holds the key to future prosperity.

Obviously, there is an element of truth in this. But to imply that the role of development has lost relevance is utter nonsense.

This is not a case I have to spell out for you in any detail. You know it better than anyone else.

But let me just say that our hopes for lasting peace in Bosnia; our hopes for a new era of prosperity and stability in Africa; our hopes for restored growth in Asia; our hopes for enduring democracy in the New Independent States; our hopes for a permanent settlement in the Middle East; our hopes for progress in Central America and the Caribbean; our hopes for a healthy global environment; and our hopes for an end to the suffering caused by AIDS and other deadly diseases will not be fulfilled without your contributions of resources and expertise.

The reason is simple. Today, the overarching strategic objective of our foreign policy and our development policy is to bring nations closer together around basic principles of political and economic freedom, the rule of law and a commitment to peace.

To accomplish this, we are working to help nations make the transition from dictatorship to democracy; from closed economies to open ones; from internal conflict to reconciliation and growth; and from poverty to hope. The work of USAID is critical to all of this.

The message we convey to the world is that, in the post-Cold War era, the United States of America does not believe that

international affairs is a zero sum game. We do not seek a world divided between winners and losers; haves and have nots; the free and the enslaved.

We want every country in every region on every continent to have a seat at the table in the international system. We want each to partake of the blessings of liberty and prosperity and each to meet the responsibility of observing global norms.

This is what we want, but it will not happen by accident. Globalization alone will not make it happen. The free market alone will not make it happen. Trade alone will not make it happen. It will never happen without the right kind of hands-on assistance, in the right places, at the right times, from those who understand how the process of development works. It will not happen without you.

Of course, there is little we can do without resources and, on that point, I am encouraged that we may finally have begun to turn the corner.

I don't want to overstate this, because we are still a long way from where we want to be. The battle is ongoing. But we emerged from this most recent Congressional session in far better shape than anyone would have dreamed four or five months ago.

We did not get everything we asked for, but overall appropriations for foreign operations are up about \$600 million from last year. Development assistance and funding for USAID are up slightly.

But my hopes come not so much from the numbers. I have the feeling that we may be emerging from a period in which the prevailing tendency in our society and our politics was inward, towards isolation and a shying away from international responsibility.

As I travel around our country, I find a high degree of awareness that what happens abroad matters a great deal back home.

This is a knowledge that we have to nurture and help to grow in the months ahead. It is something we have to get across to the new Congress.

In so doing, we must stress that, if we need to have military readiness, and we do, then we also need to have diplomatic and developmental readiness, which at the moment quite frankly we do not.

The United States should not be in the position where we have to respond to every foreign relations emergency by taking resources badly needed in one place and diverting them to another where they are needed even more urgently.

If we are to meet our leadership responsibilities, we must have a greater capacity to respond in situations where a timely commitment of the right kind of resources can prevent the need for an enormous commitment later on. If we can put out fires before they spread, we will save ourselves not only time and trouble, but also a great deal of money and, more important by far, a great many lives.

I know Brian Atwood has been shouting this message from the rooftops for more than five years. I am proud to be sharing that microphone, and I pledge in the future to turn up the volume even more. We may or may not succeed, but I can guarantee this: WE WILL BE HEARD!

It seems, in recent years, that we have observed the fiftieth anniversary of everything from the end of World War II to the founding of the United Nations to the breaking of the color line in baseball.

This conference brings to mind another such anniversary. For it was in 1948 that Congress approved the Marshall Plan, the granddaddy of all foreign aid programs. Predictably, one Senator denounced it at the time as pouring money down a "rathole."

But that plan extended a lifeline of billions of dollars in aid that helped unify Europe's west around democratic principles and planted the seeds of a trans-Atlantic partnership the fruits of which we are still harvesting.

Because we face no superpower rival, our task is different than that faced in Marshall's day. But although it may seem less dramatic, it is no less important. For the choices we make will determine whether the world begins the new century falling apart in crisis and conflict; or coming together around principles we cherish and values we share.

Our purpose is to help more people in more nations to recognize their stake in abiding by the international rules of the road and in seeing that others do so as well.

If we succeed, nations will be more likely to work together to respond to new dangers, prevent conflicts, and solve global problems.

Our citizens will benefit from a world economy that has regained its footing and resumed broad-based growth.

We will find it safer and more rewarding to study, trade, travel, and invest abroad.

And our armed forces will be called upon less often to respond to urgent and deadly threats.

Making progress towards such a world is not a job for diplomats alone, or for development experts alone, or for Americans alone, or for governments alone.

It will require a pooling of energy and expertise, resources, and will. It will require that we work with each other, and with partners from around the globe.

It will require that we keep our vision set not only on the next step, but also on the far horizon.

And it will require that we bear in mind the legacy we have received from prior generations, and remember that when Americans build, we build not only for tomorrow, but forever.

To this shared mission, I pledge my own best efforts. And I respectfully ask for your wise counsel and support. Thank you very, very much.

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Remarks of
J. Brian Atwood
USAID Mission Directors Conference

Arlington, VA
November 2, 1998

In over five years as Administrator, this is the first time I have had the privilege of being in the same room with virtually all of our mission directors, our senior Washington staff and our key partners. I have met most of you the hard way--travelling to your missions and experiencing the jet lag you are feeling today.

Look around at the talent this Agency attracts. You -- and many of our colleagues who could not fit in this room -- are why USAID continues to be the best development agency in the world.

When you have been in a job like this one for over five years, you begin to skew the actuarial tables. Most sane people just don't stick around this long. But I think most people in this room understand why I am still here.

We have been through some rough times. Last week an old friend suggested that the arrows are sticking in both my back and my front. What is most important today is that there are virtually no incoming arrows. Oh, we still get into occasional skirmishes. But it's nothing we can't handle.

As an institution we are bloodied but unbowed. We have shown resilience, a depth of collective character, a willingness to change with the times and a renewed commitment to our development and humanitarian missions. We have maintained our international leadership position even in the worst of times.

Over the years, I have thought a lot about the people of this Agency and about our partners and supporters. You certainly have put up with a lot. You have put up with Administration colleagues who have little appreciation for our mission. You have tolerated congressional inquiries that reflect a deep anti-foreign aid bias -- not so much from our own committees, but from Members who don't know what we actually do with taxpayers' dollars. You have accepted reform and even radical change in the way we do business. You have lived with deep budget cuts, closeouts, staff reductions, including a RIF, a shut down of the government and, of course, the worst of the worst, yet another new initiative from Atwood!

Yet, today your spirits are high. Your commitment is still there. There is a willingness to fight on. Why?

I think the secret lies in our work and the impact of what we do on people. We can talk about results here in Washington -- and we will, once again -- but what really counts with you is the results that you see on the ground. Whenever I need a morale boost, I go to the field. Just as you do every day, I like to look in the eyes of people who are succeeding because we have helped give them the wherewithal to succeed. Seeing their pride, their sense of accomplishment, their success, makes all the Washington battles seem worthwhile.

The poor are the most resilient, most innovative and often the most grateful people who walk this earth. They are resourceful because they have to be, just to survive. And, as I have said before, their spirit infects us. They are AID's inspiration; our secret weapon.

I find myself nowadays increasingly listening to people asking me what I think my legacy will be. I tell them, I don't really care about personal legacies. What I care about is this institution and its future capacity to respond to increasingly complex development challenges. What good would some personal achievement be if the Agency we fought so hard for lost its capacity, lost its position of leadership in the donor community?

Don't get me wrong. That doesn't mean I want you to take my picture down in that rogues gallery of mostly black and white photos of former Administrators. We all have egos. But the only real satisfaction anyone can have after investing a significant part of their life in an organization is that the institution has a basis for growing stronger, more capable, more relevant to the challenges it faces. I'm not just talking about myself here, I'm suggesting that we will all derive satisfaction from that kind of a collective legacy.

A few weeks ago, I was walking around the campus of the college my daughter attended. She showed me a plaque left by an alumnus. I wrote the quote down. It applies to all of us who have dedicated a part of our lives to USAID. Let me read it to you:

"Nothing that was worthy in the past departs; no truth or goodness realized by mankind ever dies ... but is all still here, and lives and works through endless changes."

We have been through endless changes in the past five years, and those changes were not, for the most part, imposed from without. They were the products of the collective experiences of this institution. They were built on the contributions of

people whose careers touched many of the people in this room. Former colleagues like: Buster Brown, Julius Coles, Lois Richardson, Allison Herrick, Larry Sayers, Mary Kilgore, Ray Love, Frank Kimball, Joe Wheeler, Alfred White, Ted Lustig, Molly Kux, Donor Lion and so many more. I am sure each of you could come up with a list of the former stars of this Agency, those you looked up to as mentors. People who left their mark.

The world in which we work has changed dramatically in the last ten years. Nations are more and more dependent upon one another for political, economic and environmental security. South Africa's Deputy President Thabo Mbeki recently spoke of the new forces shaping the global economy -- globalization, liberalization, deregulation and pervasive information flows. These forces, he said, "represent the international context in which all of us have to work to eliminate poverty...the very fact of globalization...means that our own success as developing countries...cannot be achieved in conditions of autarchy or self-contained development".

I would argue that the same is true for countries like the United States. U.S. prosperity depends upon the well-being of developing as well as developed nations.

What I am saying is not new. There is today wider recognition in our country that the long-term health of the U.S. is linked to the prosperity of developing nations. The global financial crisis and the global climate change phenomenon are serving to further underscore those connections. While these trends have been helpful in educating people about the importance of development assistance, they have also placed far larger burdens on the Agency's shoulders.

Last week I met with OMB Director Jack Lew to discuss our efforts to strengthen the Agency. As I reviewed how our mission has evolved, I was astonished by the vast array of new tasks I could list that the Agency has taken on in the last ten years. From an Agency focused predominately on promoting long-term development and providing short-term humanitarian assistance, we have dramatically expanded our mandate. Today, in addition to our traditional activities, USAID is:

- responding to long-enduring complex emergencies in Kosovo, Congo and Indonesia;
- providing post-conflict assistance in Bosnia, Guatemala, Angola and Rwanda;
- facilitating transitions to democracy and the free market in Eastern Europe, the Newly Independent States of the former Soviet Union and the Middle East;

--engaging in major long-term global initiatives to combat global climate change, limit population growth, prevent the spread of infectious diseases and preserve biodiversity;

--and we are promoting the institutions and values of democracy as an integral aspect of development.

We cannot avoid this enlarged mandate. It is critical to achieving our overall objective of promoting sustainable development. Nonetheless, the new tasks we have been asked, and have chosen, to take on, have often interfered with our plans for sharpening our focus, graduating countries and limiting our presence. It has challenged our staff throughout the world.

As I told the OMB Director, we need to augment our foreign service. We cannot take any further cuts overseas. We need at least 700 direct hire foreign service officers overseas and, even at that level, we will have no surge capacity to take on new missions.

This conference gives us an opportunity to shape our future and to renew our commitment. We will cover issues that outsiders might consider mundane. These relate to our internal systems: our results monitoring and reporting system; our workforce planning system; our procurement system; our information technology system; and our relations with our partners.

We will also ask you to consider issues that some may consider sublime. We will consider the development challenges and opportunities that we will confront in the new millennium. Some of the best thinkers in America will offer their new paradigms and their best analysis of the issues we face.

What is crucial to the success of this conference is that we relate the mundane to the sublime -- that we ask ourselves how the systems we are developing will give us the capacity and the flexibility to respond to tomorrow's challenge.

We have done a good deal of experimentation in the past few years. We have set up reengineering laboratories. We have not discouraged variations in the implementation of our R-4 strategies. Our guidance on these matters has been critiqued and modified, critiqued and modified. We have learned a great deal through trial and error.

The bottom line is that we have pursued reform earnestly. We have made significant gains but not without some cost. We have allowed a bureaucratic tendency toward elaboration to distort and expand the R-4 process. We have allowed a perceived competition for limited funds to drive us toward elaborate defenses of individual strategic objectives. In some missions we have even seen strategic objective teams competing among themselves for resources by claiming that a particular proposal falls into their goal area, not another. We have sometimes collected data that is at best tangentially related to results. And in the process we have complicated our lives and those of our partners through micro-management.

We want to use this conference to unveil some significant changes that are designed to fix these problems. Tom Fox and his team in PPC have worked hard to put together a "Roadmap" for completing reforms that I think will make USAID a less bureaucratic. We want you to comment on this description of the tasks that are before us.

The proposed changes in the R-4 system will help us streamline the process, cut down on wasted time in meetings or in preparing paperwork, and give us more relevant results data for GPRA reporting. I want to thank Dirk Dijkerman and Carol Peasley and the task force for their work on the R-4 process. I believe that the improvements they have proposed will help the R-4 process become what it was originally intended to be -- an efficient means for identifying the important accomplishments we achieve and the areas in which we need to improve.

I also believe that the Management Council's efforts to help us better manage our workforce will prove essential in building a stronger future for the Agency. That Council has benefitted greatly from Deputy Administrator Hattie Babbitt's leadership. What a wonderful addition to our Agency. She has been ably assisted by Rick Nygard, Barbara Turner, Carl Leonard, Bill Bacchus and many others.

The workforce planning team has provided us with the basis for strategically reshaping our workforce. It will allow us to manage smarter. Their work gives us a basis for an appeal to OMB and the Congress to begin building back our technical capacity, and strengthening and increasing our field presence.

Finally, our collective effort to understand the strengths and weaknesses of the way we work with our partners -- non-governmental organizations, PVOs, civil society, private companies and others in the foreign aid community -- will greatly enhance our ability to produce results. If we heed the findings of the many partner retreats that have been held over the last few months, I think we will be better able to ensure that

we maximize the results we achieve as we foster creativity and truly involve our partners.

The other day I listened to the group of distinguished development professionals that has conducted a study on our work in war-torn societies. The thrust of their message was don't just apply standard "made abroad" formulas in these situations. Focus on people and their needs to reconcile their differences.

One member of the delegation, a prominent citizen of a developing country, said there are three kinds of aid that the international community offers to our countries. The first type is based upon the need to get money out the door--spend it or lose it. This type rarely produces effective development he said.

The second type is "objective-based aid." These are resources to pursue worthy causes, like advancing the status of women in society. The problem here, he said, is that the aid is too easily corrupted. We all know you have money for a specific purpose, so we shape our proposals to go for the money even though we rarely have the capacity to achieve results.

The third type is rare, he said. It happens when you have some flexible resources and when you ask people what their needs are. You involve them in defining the results to be achieved; you give them a stake in the outcome. This is the type of aid that invariably works.

You all recognize this as participatory development. To me, this is the most important part of our re-engineering effort. I urge you to practice it, though I understand how difficult it is to do so. We face a myriad of constraints to practicing truly participatory development-- congressional earmarks, Administration directives, Washington-driven priorities. I do not want to denigrate those forms of aid because they both reflect our own democracy's needs and they often provide a vehicle for American leadership in the donor community. But if people want solid results, those will come most effectively from participatory development.

That is why we must fight to maintain the decentralized approach to foreign assistance that USAID is known for. That is why we must fight for our field presence and for delegated authority in the hands of broad-based SO teams, teams that include our partners -- both American and local-- and in the hands of experienced, well-trained mission directors.

But decentralization must be accompanied by discipline. We may have 80 or 90 country aid programs based upon the best local information and analysis of need available, but we must also have one aid program as an Agency. We need, therefore, a single strategic plan and we need the capacity to aggregate the impact we are having in 80 or 90 localities. We must strive for a more consistent approach without sacrificing the flexibility we need to be able to listen carefully on the ground to the voices of those we seek to help.

Some of you may fear that our ability to strike that balance may be compromised by our new relationship with the State Department. I don't agree. Indeed, we have an opportunity here to create a system that puts diplomacy even more in sync with development goals. Already, many of you are leading your country teams in the drafting of Mission Program Plans. This is an opportunity we must seize to put sustainable development front and center in U.S. foreign policy.

I have sent you all a message on the reorganization, but some of you may have been in transit. Let me read the relevant parts of that message:

Among the most important features of the reorganization legislation is the fact that, for the first time since USAID was created by Executive Order in 1961, the Congress has formally recognized USAID as a separate statutory federal agency. This clearly reflects the President's April 17, 1997, decision that USAID should remain a distinct agency, with its Administrator reporting to, and under the direct authority and foreign policy guidance of, the Secretary of State.

In addition to creating USAID as a statutory agency, the Statement of Managers accompanying the Conference Report on the reorganization legislation makes it clear that the legislation reflects the underlying agreement negotiated last year between the Department of State and USAID to implement the President's April, 1997, decision. The most significant provisions of that agreement are:

- USAID remains an independent agency, with its Administrator reporting to, and under the direct authority and foreign policy guidance of, the Secretary of State.
- The authorities currently vested in the Administrator under the IDCA reorganization plan and related delegations of authority (which are repealed by the new legislation) will be redelegated to the USAID Administrator by the Secretary of State. Specifically, authorities redelegated to USAID include authority:

- to receive apportionments for development assistance and other economic assistance appropriations;
- to create policies that relate to the delivery of development assistance and other economic assistance programs;
- to implement development assistance and other economic assistance programs;
- to manage and administer assistance programs, including the requisite personnel authorities.

What this means is that we have the authorities we need to be as creative and productive as we have been in the past. If we further develop our internal tools we can even improve our performance. We have the statutory recognition we have not had in the past. We have always operated under the foreign policy guidance of the Secretary. I have never doubted the Secretary of State who was in my chain of command. This relationship with State should not be feared; it should be embraced.

Operating under the GPRA and the MPP systems, we all must continue to enhance our capacity to anticipate and pre-empt the crises that can wipe away decades of development investment. We will be discussing some ideas at this conference to create within AID and State a culture of prevention.

I ask you to keep an open mind -- this is not just another Atwood initiative. This is an opportunity to grapple with the most profound challenge the international community faces: the proliferation of crises -- some manmade, some caused by the forces of nature -- that destroy development progress, threaten the global economy and cost billions in humanitarian relief.

Development as we know, is the antidote of despair. We are the only Agency of our Government that can deal effectively with the root causes of conflict and crisis. So, I urge you to see renewed interest in crisis prevention as an opportunity to reinforce our mandate as well as an opportunity to head off an era of unmanageable chaos.

We are today in a stronger position than we have been in three years. Our relationship with Congress is much improved. We have seen two successive years of increases in our budgets. The relationship with State is better that I have seen it in

years. The President, especially after his Africa trip, has an even keener appreciation for our work. We continue to be strongly supported by the Vice president. And the First Lady is our special angel!

We are not without problems and issues. That is what this conference is about. But the solutions are before us. We can meet the challenges we face. Let's go forward by drawing on the strengths of the past. The people who went before us at USAID are all still here -- they live and work through us and through the endless changes that serve to regenerate us, renew our mandate and make us relevant to the changing world around us.

I am very proud to be associated with each and every one of you. I hope you all see yourselves as the embodiment of the best development agency in the world, because you are in fact that. Thank you.